

In confidence

BCB(11)2nd meeting

Tuesday 5 April 2011

## **MINUTES**

### **Present**

Vernon Ellis	Chair
Nihal Arthanayake	
James Boyle	
Pamela Gillies	
Tony Hall	(items 1 – 7)
Sue Hoyle	
Claire Ighodaro	
Patrick McKenna	
Raoul Shah	

### **In attendance**

Martin Davidson, Chief Executive  
Mark Robson, Director English  
Bidesh Sarkar, Chief Financial Officer  
Rebecca Walton, Ag Director Arts  
John Worne, Director Corporate HQ  
Anne Wozencraft, Ag Director Education & Society  
Mark Walker, Ag Head Examinations (item 7)  
Andy Mackay, Secretary

### **1. Apologies for absence**

Alan Buckle, Howell James and Steve Jones had sent apologies for their absence. Tony Hall apologised for commitments which would require him to leave before the end of the meeting.

From the Executive, Pippa Greenslade and Adrian Greer had sent apologies for their absence on a working visit overseas.

The Chair welcomed Anne Wozencraft, who was attending her first meeting as acting Director of Education and Society.

### **2. Minutes of the Board meeting of February 2011 and matters arising**

All matters arising from the meeting were being actioned or were included in the agenda for this meeting, with the exception of item 7 from the meeting of 20 April, which would be covered in the agenda for a future meeting, following the completion of the strategy review.

The minutes were approved.

### **3. Chair's business**

The Board noted the Chair's written notes which had been circulated with the papers in advance of the meeting.

The Chair confirmed that he would be arranging individual meetings with Trustees to discuss the role and working of the Board. This would serve as a first evaluation of the effectiveness of the Board. As part of that review, he would welcome views as to whether a more formal review method would be effective and worthwhile. He would report to the Board on the views of Trustees following those meetings.

### **4. Chief Executive's Report**

Martin Davidson updated Trustees on the security situation for British Council operations in countries in the Middle East and North Africa which were experiencing civil unrest. Full operations had been resumed in Tunisia and Egypt; a full programme was still being maintained in Syria; and in Bahrain, operations had resumed during daylight hours.

The security situation in Libya as it affected country appointed staff members continued to be of concern. Libyan national staff had been advised to exercise extreme caution and not to attempt to visit the office if it would put them at risk.

Attention was being given to developing plans for the work of the British Council to respond to the new context in the region, with a particular focus on Egypt as a regional hub. Trustees agreed that there were major opportunities of huge relevance to the British Council, particularly in vocational education, English language and the arts. There was a particular role for the arts and creative industries to offer skills development and institution building, drawing on the strength of the skills work which had been going on in the UK. This would have implications for the nature, location and scale of future operations in the region.

He also reported that operations in Japan had resumed fully, following the natural disasters there.

The Board welcomed the report on the recent Going Global conference and congratulated the organisers on its success. They were pleased to learn that a number of foreign nations and institutions had offered to host the event in future years and were confident of the huge value which the event returned.

### **5. Organisational Performance Report**

Bidesh Sarkar reported on the current, first projections for end of year results. These were indicating that year on year results would be good, despite the very difficult operating environment, with the historic grant deficit reduced very significantly and the full cost recovery reserves at a very good level going into 2011/12. Trustees congratulated the Executive on the year on year achievement, particularly as impact targets were set to be exceeded and costs had been reduced more than income, leading to a reduction in both platform and programme costs.

They noted that income, particularly in partnerships and contracts was significantly behind target against the plan for the year. The drop in contract income was largely the result of government reductions in spend, in particular for Chevening scholarships and Department for Education contracts. The need to address the issue of partnership income was the reason for the creation of the new executive post of Director Partnerships and Business Development. The Board agreed that the income targets contained in the Corporate Plan were ambitious in the current context and that the operating plans under development would need to take this into account.

Trustees discussed the nature of financial reporting which would be most useful to them in the future. They recognised that the quantity and quality of reporting had improved significantly in recent years and were keen to avoid becoming involved with an unnecessary level of detail. However, they agreed that it would be extremely important for the Board of Trustees to have a fuller picture of business performance in the current environment and as the organisation went through the next stage of

transition. Trustees discussed whether there might be a benefit in including a Finance Committee in the governance structure, but the consensus was that this should not be necessary with sufficient oversight from the Board of Trustees.

Bidesh Sarkar described the Business Unit level specific reporting which would be in place for the next financial year which would provide high level, segmental reporting. Trustees agreed that they would consider this in draft at the next meeting to review whether it would satisfy their needs.

Results for audience engagement and other non financial measures would be reported at the next meeting. The last forecast continued to suggest that all targets were set to be exceeded, with significant growth particularly in engagement with young people and those who influenced them.

## **6. British Council Corporate Plan**

Trustees welcomed the draft plan tabled, which they agreed captured the results of their discussion and steer at the previous meeting. They welcomed the foreword, with its clearer articulation of the goal towards which the assets of the organisation, and more broadly the UK, in the arts, education and English were being leveraged. They also appreciated the simple narrative with a focus on a clear picture for an external audience of the organisational vision for 2015 and how that would differ from now.

They agreed that they would welcome a number of small changes to the content and tenor of the foreword, as well as a simplification and reduction of the quantity of detailed content concerning the business units. They also agreed that there should be a standard description of the composition of the strategic business units: English, Arts and Education & Society. Once these changes had been made, the plan should be submitted to the Foreign Office minister, with the goal of seeking ministerial clearance so that they could approve the finalised plan at the June meeting.

Trustees suggested that a piece of work to establish the economic contribution of the work of the British Council could be timely and powerful in demonstrating the power and importance of the organisation's role. The Executive would consider this further.

## **7. Development of Examinations Work**

The Chair welcomed Mark Walker, Acting Head of Examinations.

Discussing the paper which had been circulated in advance, Trustees agreed that examinations were a core component of the organisation's cultural relations mission which offered significant opportunities to reach and engage with target audiences at different stages of their education and professional lives. There were significant risks and opportunities for the business in the next period, with a rapidly changing external environment, in particular in terms of technology, and increasing competition. It was important for the British Council to build and strengthen its current position in the value, focusing on marketing and distribution, as well as to expand in both directions from that strength.

In addition to the opportunities already identified in the English language testing market, Trustees suggested a focus on both professional bodies and higher education sectors.

Trustees recognised that the choices to be made would have significant requirements for investment and that this would to an extent determine what was possible, as well as what other areas of the organisation's development should be prioritised for investment.

Trustees endorsed the initial thinking and analysis and agreed that the strategic questions which were posed were the right ones. They invited the exams team to return with some options and recommendations at their meeting in October.

## 8. Reshaping Operations in Sub Saharan Africa

The Board approved the proposal to seek consent from the Foreign Secretary to close existing operations in Cameroon and Eritrea and to open operations in Rwanda and Southern Sudan. They recognised the difficulty of continuing to work in the first two countries, as well as the strategic importance and potential impact for both the British Council and the UK from having a presence in the latter.

## 9. Any Other Business

Trustees welcomed the forward agenda for areas for strategic focus for future meetings. They agreed that this would give them an excellent opportunity to understand better and steer strategic choices in key areas of the business. They requested the inclusion of the contracts business in the schedule, as well as coverage of the strategy to improve operational efficiency within the item on global model and staffing.

There was no further business and the meeting concluded at 1310

## Summary of action points arising

### Meeting of 20 April 2010

(02)7	Board agenda to include an item on sector advisory groups following agreement of long term strategy.
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### Current meeting

(02)1	Chair's office to schedule meetings with individual Trustees.
(02)2	Bidesh Sarkar to present draft performance report format for 2011/12 at June meeting, for Trustees to steer development so that it best met their needs.
(02)3	Corporate Plan to be submitted to FCO for ministerial consideration following revisions agreed in this meeting.
(02)4	Exams team to develop strategic options and recommendations for consideration at October Board meeting.
(02)5	Secretary to update schedule of areas for strategic focus following Board steer.

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